

## Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 CIAE-00 DODE-00 NSAE-00  
NSCE-00 SSO-00 ICAE-00 INRE-00 PM-05 H-01 INR-10  
L-03 PA-01 SP-02 SS-15 AID-05 COME-00 EB-08  
FRB-03 TRSE-00 XMB-02 OPIC-03 LAB-04 SIL-01  
OMB-01 IO-13 /100 W  
-----123956 280800Z /11

O R 280550Z AUG 78  
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O RUEHC/SECSTATE WASHDC IMMEDIATE 3121  
INFO AMCONSUL ADANA  
USINT BAGHDAD  
AMCONSUL ISTANBUL  
AMCONSUL IZMIR  
AMEMBASSY JIDDA  
AMEMBASSY KUWAIT  
AMEMBASSY MOSCOW  
AMEMBASSY TEHRAN  
AMEMBASSY TRIPOLI  
USMISSION USNATO

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E.O. 11652: N/A  
TAGS: ENRG, EFIN, IZ, TU  
SUBJECT: TURKEY SIGNS ECONOMIC AGREEMENT WITH IRAQ

REF: ANKARA 5455

1. MFA CONFIRMS THAT TURKEY SIGNED AN ECONOMIC AGREEMENT WITH  
IRAQ TODAY (AUGUST 25, 1978) WHICH ARRANGES FOR IRAQ TO RESUME  
OIL SHIPMENTS ON CREDIT TO TURKEY IMMEDIATELY AND TO ACCEPT  
CERTAIN TURKISH EXPORTS AS WELL AS A SCHEDULE FOR TURKEY TO  
REPAY ITS PETROLEUM DEBTS. EMBOFF OBTAINED THIS INFORMATION  
FROM FERAT ATAMAN, ACTING SECTION CHIEF FOR PETROLEUM AFFAIRS  
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IN MFA BILATERAL ECONOMIC RELATIONS DEPARTMENT, WHO PARTICIPATED  
IN BILATERAL NEGOTIATIONS WHICH TOOK PLACE HERE FROM AUGUST  
22 TO 24. ATAMAN SAID THAT TURKEY AND IRAQ ALSO AGREED IN  
PRINCIPLE TO IMPROVE THEIR BILATERAL POLITICAL RELATIONS,  
BUT HE DENIED THAT THE AGREEMENT ENTAILS ANY TURKISH COMMITMENTS  
CONCERNING THE VOLUME OF WATER WHICH TURKEY WILL ALLOW TO  
FLOW TO IRAQ VIA THE TIGRIS AND EUPHRATES RIVERS.

2. TURKISH RADIO AND TELEVISION (TRT) REPORTS TODAY THAT THE AGREEMENT WILL MAKE IT POSSIBLE FOR TURKEY TO IMPORT A MINIMUM OF 6.2 MILLION TONS OF CRUDE OIL FROM IRAQ BETWEEN NOW AND THE END OF 1979. ACCORDING TO THE TRT, TURKEY'S \$320 MILLION OF OIL DEBTS TO IRAQ WILL BE REPAYED THROUGH TURKISH EXPORTS TO IRAQ OF AGRICULTURAL AND INDUSTRIAL GOODS.

3. THE LOCAL PRESS PROVIDED THE FOLLOWING DETAILS ON AUGUST 24 AND 25. AN IRAQI DELEGATION VISITED ANKARA AUGUST 22 TO 25, HEADED BY IRAQ'S MINISTER OF PETROLEUM PLANNING, ADNAN HUSEYIN HAMADANI, WHO IS ALSO A MEMBER OF IRAQ'S REVOLUTIONARY COMMAND COUNCIL. THE VISIT WAS VERY SUDDEN AND HAD NOT BEEN PREVIOUSLY ARRANGED. THE DELEGATION WAS MET AT THE AIRPORT BY MINISTER OF ENERGY AND NATURAL RESOURCES DENIZ BAYKAL AND CONFERRED LATTER WITH MINISTER OF STATE HIKMET CETIN AND MINISTER OF FOREIGN AFFAIRS GUNDUZ OKCUN.

4. PRESS ACCOUNTS ALSO INDICATE THAT THE IRAQI DELEGATION INCLUDED EXPERTS WHO PARTICIPATED IN TECHNICAL DISCUSSIONS ORGANIZED AMONG THREE COMMITTEES. THESE COMMITTEES DISCUSSED RESPECTIVELY ECONOMIC RELATIONS, AGRICULTURAL COOPERATION, AND SUPPLIES OF PETROLEUM AND WATER.

5. COMMENT. THE GOT BELIEVES THAT IT HAS FINALLY BROKEN THE STALEMATE IN ITS RELATIONS WITH IRAQ AND EXPECTS IRAQI LIMITED OFFICIAL USE

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OIL TO START FLOWING AGAIN THROUGH THE KIRKUK-ISKENDERUN PIPELINE BY THE END OF AUGUST. EMBASSY IS SURE THAT IRAQ HAS EXACTED A PRICE FOR THIS CONCESSION; WE DON'T KNOW YET WHAT IT IS. TURKEY HAS REPORTEDLY PROMISED TO BE "UNDERSTANDING" OF IRAQ'S WATER NEEDS. IT SEEMS UNLIKELY THAT THIS LOOSE ASSURANCE WOULD BE SUFFICIENT TO RE-OPEN THE OIL TAPS. EMBASSY WILL ATTEMPT TO OBTAIN FURTHER INFORMATION ABOUT THE AGREEMENT WHICH WILL BE PUBLISHED IN OFFICIAL GAZETTE.

6. FOLLOWING FOOTNOTE MAY BE OF SOME INTEREST. AP CORRESPONDENT IN ANKARA, WHO IS WIFE OF CHIEF ENGINEER OF THE PIPELINE, TOLD EMBOFF WITHIN THE LAST WEEK THAT PIPELINE HAS BEEN PLAGUED WITH TECHNICAL PROBLEMS. HER HUSBAND WAS, IN FACT, IN THE FIELD TRYING TO SOLVE THOSE PROBLEMS. SHE COMMENTED THAT DESPITE FACT THAT BEST MATERIALS WENT INTO CONSTRUCTION OF PIPELINE AND WORK HAS BEEN COMPLETED FOR MORE THAN A YEAR, SMOOTH FUNCTIONING HAS STILL NOT BEEN ACHIEVED. NO OIL HAS BEEN FLOWING THROUGH THE LINE FOR A CONSIDERABLE PERIOD. TURKS, SHE SAID, WERE INSISTING THAT IRAQIS PAY OIL TRANSIT FEE DESPITE FACT THAT NO OIL IS BEING PUMPED. THIS ISSUE WAS UNDOUBTEDLY ALSO A SUBJECT OF DISCUSSION IN THE TALKS. DILLON

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## Message Attributes

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